

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**ADMINISTRATIVE RULE  
FISCAL IMPACT STATEMENT**

**PROPOSED RULE:** 97-43  
**STATE AGENCY:** Board of Animal Health

**DATE RECEIVED:** May 14 97  
**DATE PREPARED:** June 3 97

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**Digest of Proposed Rule:** This proposal amends 345 IAC 9 and 345 IAC 10 to incorporate changes made in federal regulation concerning the federal meat inspection program. The changes will require the Board of Animal Health to test for salmonella in meat plants. The changes will require the meat plants to conduct tests for E. Coli and to develop and implement Hazard Analysis Critical Control Points plans. The rule also makes technical changes in numerous existing rules as well as repealing various existing rules.

**Governmental Entities:** State: The rule changes will require the Board of Animal Health to conduct tests in meat and poultry plants for Salmonella. The Board of Animal Health must conduct an initial baseline study of 1,144 samples over the next 30 months. The purpose of the baseline study is to provide data to determine the extent of any existing problems at meat and poultry plants in Indiana. It is estimated that each sample will cost approximately \$20 per sample. The total cost of conducting the baseline study will be \$22,880. The baseline study testing began in April 1997. The meat and poultry program is funded with a 50% federal match for testing. Therefore, the cost to the state to conduct the baseline study will be \$11,440.

In the year 2,000 the Board of Animal Health will begin testing for Salmonella in each of the 114 meat and poultry plants in the state. The Division of Meat and Poultry will conduct 12 random samples annually at each of the 114 plants. The cost to conduct these tests is estimated to be \$27,360 each year. The cost to the Board of Animal Health will \$13,680 with a federal match of \$13,680.

There are no unfunded mandates placed upon any state agency by this proposed rule.

Local: There is no local fiscal impact and there are no unfunded mandates placed upon any political subdivision by the amendment of these rules.

**Regulated Entities:** The rule changes will require meat slaughtering plants to implement testing procedures for E. Coli. The rules require each plant to take at least 13 samples over a 13 week period. The testing will begin on June 1, 1997. The cost is estimated to be \$50 per test with the cost per plant estimated to be \$650. There are currently 72 slaughter plants that are state inspected. The total estimated cost to the plants is \$46,800 per year.

The rule changes also require **state inspected** plants (5 plants are federally inspected) to design and implement Hazard Analysis Critical Control Points (HACCP) plans. These HACCP plans are required to cover a plants entire operations with an emphasis on areas of the plants operations where contamination may occur.

The plans are to identify the areas where contamination may occur, the hazards that may occur at these points and steps to mitigate the problems. The cost of implementing the HACCP plans over the next 2.5 years is estimated to be \$6,917 per plant. The total cost to the state inspected plants (109) is estimated to be \$753,953 over the 2.5 year period.

Beginning in calendar year 2001 the United State Department of Agriculture (USDA) estimates that HACCP inspection procedures will cost \$10,728 per plant per year. The USDA assumes that the costs of the HACCP inspection procedures will increase due to the need for mitigation of any problems found while undertaking the HACCP inspections. The total cost to the state regulated plants will be \$1,169,352 (109 plants x \$10,728 per plant).

**Information Sources:** Gary L. Haynes, Director, Legal Affairs, Board of Animal Health, 277-0330.